

INDUSTRY OVERVIEW & 2021 OUTLOOK

House Financial Services Committee February 2021

MCUL EXECUTIVE & GOVERNMENT AFFAIRS STAFF

MCUL Executive Team

Dave Adams, President & CEO

Patty Corkery, EVP/COO and General Counsel

Government Affairs

Kieran Marion, SVP of Advocacy

Haleigh Krombeen, Director of State Advocacy

Todd Jorns, Director of Federal Advocacy



CUNA/LEAGUE SYSTEM

Affiliation in MI
MCUL: 100% | CUNA: 96%



A *National Journal* survey of policymakers found the CUNA/League system ranked first among all financial service trade associations studied in terms of advocacy effectiveness.

- #1 national trade association in the financial services industry and #5 overall against other prominent associations.
- 120 million members represented
- 38 leagues representing all 50 states
- 300,000 credit union professionals
- 5,240 credit unions
- 6,000 credit union service providers
- 70,000 board members





MCL 490.102(p)

“Domestic credit union” means a cooperative, nonprofit entity organized under this act for the purposes of encouraging thrift among its members, providing a variety of financial services to its members, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.

WHAT IS A CREDIT UNION?



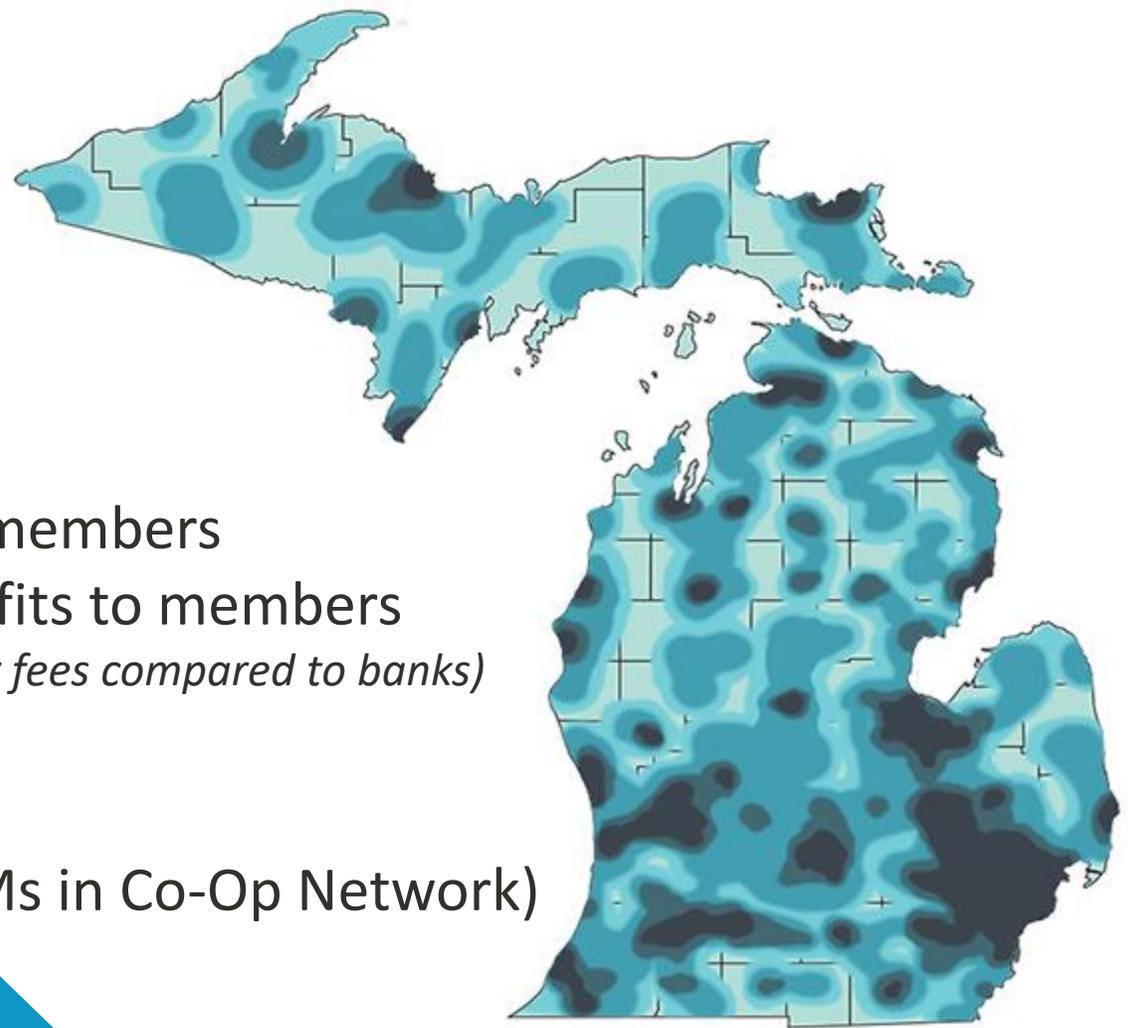
Credit unions are not-for-profit financial cooperatives that exist to serve our members. We focus on communities and people, not corporate profit.

We accept deposits, make loans and provide a wide array of financial services. However, as member-owned institutions, credit unions focus on providing lower rates, fewer fees and high levels of member service.

NOT FOR PROFIT, NOT FOR CHARITY BUT FOR SERVICE

MICHIGAN CU DATA

- **213** Credit Unions
- **5.6 Million** Members
- **56.07%** of Michigan citizens are credit union members
- Provided **\$413 million** in direct financial benefits to members
(through lower interest rates, higher deposit rates, and lower fees compared to banks)
- **\$80,399,097,255** Total Assets
- **1,100** Branches
- **1,700+** ATMs (32,000 nationwide fee free ATMs in Co-Op Network)



**CREDIT UNIONS PROVIDE LOW-COST, HIGH-QUALITY
FINANCIAL SERVICES**

Just like our purpose, our reach extends across the state. With more than 1,000 branches in small towns and large cities, we're always there when our members need us.

CREDIT UNIONS

Your financial partner for life

From buying a car to saving for college, to getting married or buying a home, Michigan residents trust that credit unions will offer high-quality services at lower costs than competitors.

LOANS (Avg Rates)

	 Used Auto	 Credit Cards	 Savings Account	 Mortgages (Closing Costs)
Credit Unions	3.13%	9.54%	0.11%	\$1,151
Banks	4.35%	12.35%	0.07%	\$1,361

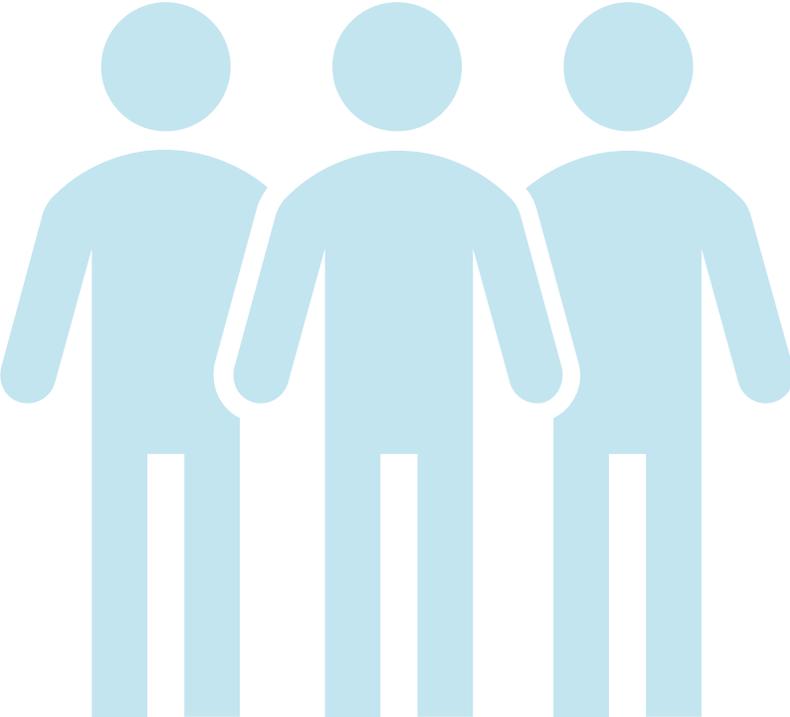
Source: CUNA National Membership Benefits Report—Michigan Specific , Third Quarter 2020



PROMOTING THE CU DIFFERENCE INVESTING IN OUR COMMUNITIES

Michigan Credit Union Foundation

2020 IMPACT



FINANCIAL REALITY FAIRS



TRAINING





For Michigan credit unions, financial education is a core mission. Credit unions exist to help people get the most from their money, and it all starts with helping them learn how to make wise financial decisions.

It's never too soon to learn about responsible financial decision making, and we've created a whole host of turnkey resources and programs designed to connect with students of any age.

INDUSTRY LEADERS IN FINANCIAL EDUCATION

This Michigan Credit Union Foundation awarded more than **\$100,000** in grants to **27 different credit unions** and credit union organization to help those in need during COVID-19.

Across the state credit unions chose initiatives that would make significant impact in community lives.



COMMUNITY CRISIS SUPPORT GRANTS (COVID-19)

CREDIT UNION PERFORMANCE

Michigan v. National Growth Rates

	 New Auto	 Used Auto	 First Mortgage	 Credit Cards	 Commercial Loans	 Unsecured Loans
Michigan	-1.6%	4.1%	13.9%	-7.1%	11.7%	4.8%
National	-3.7%	4.4%	12.9%	-4.9%	16.6%	4.6%

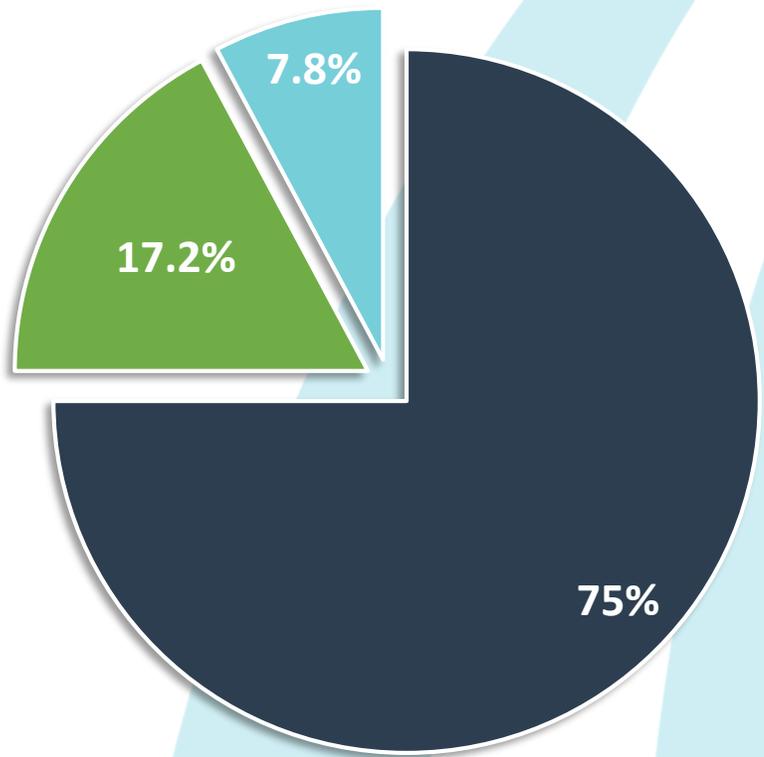
*Based on Michigan Credit Union Profile 2020 Third Quarter Data



Small Banks Have More to Fear From Fast-Growing Big Banks Than From Credit Union Competition

Sources: FDIC, NCUA, CUNA

Market Share (%)



- Largest 100 US Banks (\$15.2 Trillion in Assets)
- Smaller Banks (\$3.5 Trillion in Assets)
- Credit Unions (\$1.79 Trillion in Assets)



Nearly **80,000** auto and other consumer loans have had payment terms modified to provide financial relief. That equates to **800 million**, collectively.

Members were issued more than **260,000** skipped payments, resulting in more than **\$1 billion** in payment delays to help offset income loss-related financial hardships.

Credit unions reported offering fee waivers, ranging from waiving fees for late payments, skip-a-pays, early CD withdrawals, insufficient funds, negative balance fees, ATM overdrafts and more. Together, more than **600,000** waivers saved members **\$12.7 million**.

Community Assistance During the COVID-19 Pandemic



Credit unions in Michigan offered an array of loan modifications/alternatives helping more **15,000** homeowners owing over **\$2 billion** in mortgage loans with payment delays (forbearance).

Through these modifications and alternatives Michigan credit unions were able to keep more than **300** families in their homes by helping them to avoid foreclosure.

Credit unions helped more than **55%** of Michigan's population with **\$4.3 Billion** in member assistance due to the COVID pandemic in just a three-month period.

Community Assistance During the COVID-19 Pandemic

CU MEMBER BUSINESS LENDING

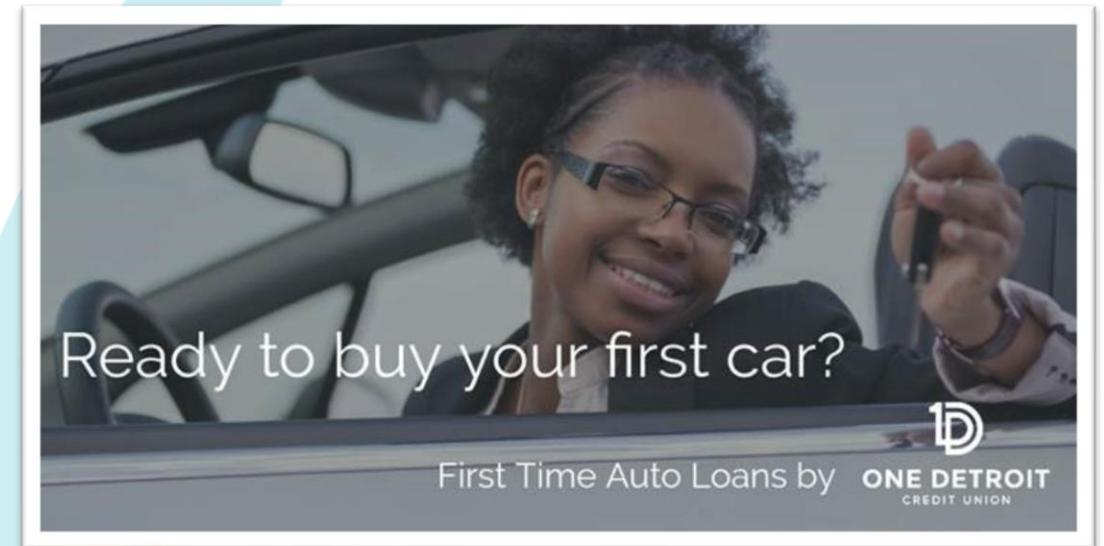
Serving the Financial Needs of Small Business Members

- Even though credit unions have an arbitrary cap (federal) on the amount of member business loans they can provide, they continue to create jobs by providing capital to local businesses and communities.
- During the pandemic, our members stepped up to provide **10,400** PPP loans to Michigan businesses in Q2 of 2020. This equals nearly **\$600** million for small businesses.
- With an average of 5 employees per small business, this means Michigan credit unions helped these businesses positively impact more than **77,000** employees during the early stages of the pandemic.
- **10%** of these loans, or nearly **2,000 businesses** were new or non-members that turned to a credit union after being turned away by other lenders.
- The median loan size of Michigan credit union-assisted PPP loans is approximately **\$20,400**. This is much lower than the average bank loan size through two rounds of loans--**\$218,000**.



Building Success With No-Credit/Low-Credit Borrowers

- One Detroit credit Union created a First-Time Auto Loans program, designed to help improve mobility and subsequently, employment in Detroit. Within the first 100 days of the program, they helped 27 members and funded **\$370,657** in auto loans for first-time buyers.
- The program does not require a co-signer, has an APR of **8.99%** regardless of credit score and a 90-day employment record.
- Many credit unions regularly offer emergency cash loans, signature loans, 0-1% loans, payday alternative loans and other types of products geared towards helping members who are in a pinch get back on the right track.
- During the pandemic almost **10,000** emergency cash loans were reported, which covered more than **\$23 million** for members. These loans usually carried a 0% loan rate and provided an average of **\$2,300** per borrower—essential funds for paying rent or just putting food on the table.





- Community Assistance Loan
TRUE Community Credit Union is ready to serve and assist those impacted by an unexpected loss of income due to a business closure or layoff. We are offering loan solutions, skip-a-pay options, and fee refunds for new and current members impacted by these unexpected life moments
 - 5% APR - 12-month term - Borrow up to one pay check's wages - Skip-a-Pay fees waived for the first 2 months
 - For permanent business closures, a max of \$1,000 for 12 months at 0% APR may be granted
- Property Tax Loan (To Avoid Forfeiture)
 - Partnered with local Community Action Agency
 - Maximum of \$2,000
 - Up to 18 months amortization
 - 0% APR
 - Check must be payable to municipality for taxes
- Property Tax Savings
 - Withdrawals only allowed via check made payable to municipality for taxes
- First Time Auto Buyers Loan
- Over \$5M in PPP loans funded to small business members
- Free Financial Counseling
- Online Learning
 - Partnered with local United Way, homeless shelter, and YMCA
 - Topics include:
 - Savings
 - Insurance
 - Retirement
 - Taxes
 - Life Changes
 - Housing
 - Borrowing & Credit
 - Investing
 - Budgeting
 - Running a Business
- Financial Education Program
 - Delivering education to over 50 schools
 - Student run credit unions in 40 schools
 - Jackson Saves
 - Post Secondary Education Savings
 - \$50 deposit into account (fully funded by Credit Union)
 - Partnering with local business to drive additional deposits



INDUSTRY OVERVIEW & 2021 OUTLOOK

QUESTIONS?